FORTIETH ANNUAL REPORT

OF THE

MISSISSIPPI CENTRAL RAILROAD CO.

FOR THE

YEAR ENDED DECEMBER 31, 1947

BOARDS
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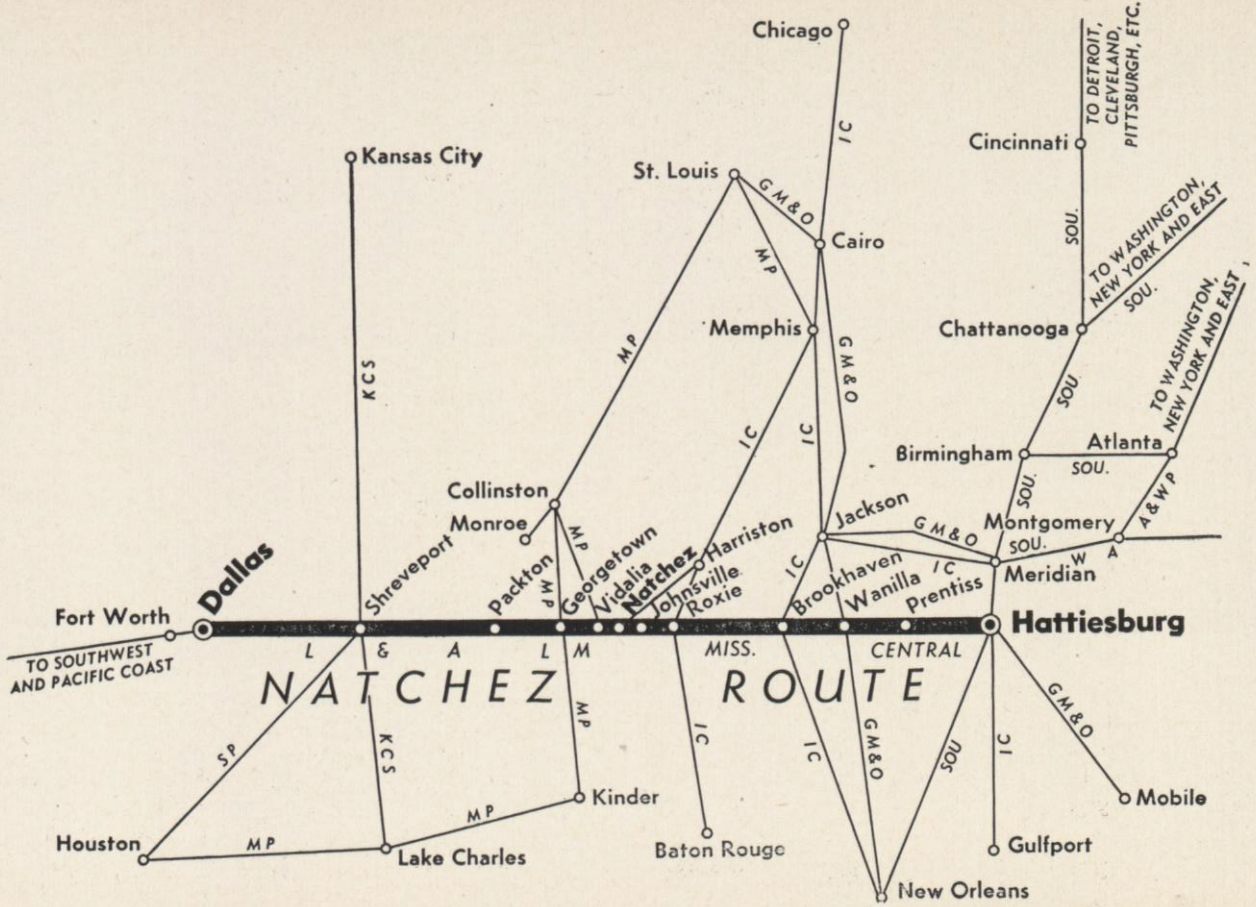
Chicago
Kansas City
St. Louis
Cincinnati
TO DETROIT, CLEVELAND, PITTSBURGH, ETC.
I C
G M & O
Cairo
SOU.
TO WASHINGTON, NEW YORK AND EAST
M P
Memphis
Chattanooga
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Birmingham
Atlanta
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Collinston
Monroe
Jackson
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Shreveport
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Packton
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Vidalia
Johnsville
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Brookhaven
Wanilla
Prentiss
Meridian
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Dallas
Hattiesburg
TO SOUTHWEST AND PACIFIC COAST
L & A L M
MISS. CENTRAL
NATCHEZ ROUTE
S P
K C S
M P
Kinder
Houston
Lake Charles
Baton Rouge
New Orleans
Gulfport
Mobile

TABLE K

Inventory of Equipment December 31, 1947 and 1946

	Total Dec. 31, 1946	Added or reclassified	Retired	Total Dec. 31, 1947
Locomotives:				
Freight	11			11
Freight Train Cars:				
Box cars	28			28
Flat cars	30		2	28
Gondola cars	63		30	33
Log cars	0	10		10
Rack cars	0	20		20
Caboose cars	10			10
Totals	131	30	32	129
Company Service Equipment:				
Camp and other work cars	33		4	29
Steel dump cars	2			2
Tank cars	2			2
Steam ditchers	2			2
Coal cranes	2			2
Business car	1			1
Other service equipment	4	2	2	4
Totals	46	2	6	42

Mileage operated at close of year

Hattiesburg, Miss. to Natchez, Miss.	148.38 miles
Yard tracks and sidings	34.85 miles

TABLE J

Comparative Statement of Classified Tonnage

for the Years Ended December 31, 1947 and 1946

	1947		1946	
	Tons	Per Cent of Total	Tons	Per Cent of Total
Products of Agriculture:				
Grain	1,794	.16	1,375	.13
Flour and meal	6,694	.58	5,082	.47
Other mill products	1,921	.17	5,431	.50
Cotton	7,756	.68	8,227	.76
Cotton seed and products	1,422	.12	1,577	.15
Fruits and vegetables	1,934	.17	5,027	.46
Other products of agriculture	5,708	.50	3,410	.32
Totals	27,279	2.38	30,129	2.79
Products of Animals:				
Live stock	415	.04	912	.08
Other products of animals	410	.03	676	.06
Totals	825	.07	1,588	.14
Products of Mines:				
Coal	10,604	.92	10,122	.94
Ore	4,084	.36	3,941	.36
Gravel, sand, stone	20,668	1.80	9,485	.88
Oil, crude	145	.01	34,092	3.16
Asphalt	2,797	.24	2,843	.26
Salt	10,423	.91	10,019	.93
Phosphate rock	26,339	2.30	30,628	2.84
Sulphur	35,471	3.09	31,388	2.90
Other products of mines	14,626	1.28	7,775	.72
Totals	125,157	10.91	140,293	12.99
Products of Forests:				
Lumber, logs, ties, piling, etc.	217,875	18.99	235,285	21.79
Pulpwood	200,528	17.48	191,264	17.71
Rosin and turpentine	21,367	1.86	27,725	2.57
Other products of forests	1,416	.12	408	.04
Totals	441,186	38.45	454,682	42.11
Manufactures:				
Petroleum products	137,428	11.98	100,463	9.30
Iron and steel pipe	27,906	2.43	18,025	1.67
Other fabricated metals and machinery	62,894	5.48	34,624	3.21
Cement, brick, lime and plaster	45,430	3.96	31,879	2.95
Automobiles, trucks, etc.	7,219	.63	11,202	1.04
Fertilizers	92,999	8.11	88,272	8.17
Explosives	158	.01	1,426	.13
Canned goods	11,167	.97	12,053	1.12
Beverages	4,064	.35	5,650	.52
Slag	3,928	.34	4,202	.39
Paper, paper articles, wallboard	45,428	3.96	40,641	3.76
Scrap iron	6,071	.53	3,091	.29
Prepared roofing	10,313	.90	8,001	.74
Bottles	3,851	.34	4,831	.45
Other manufactures	90,381	7.88	85,406	7.91
Totals	549,237	47.87	449,766	41.65
Total carload traffic	1,143,684	99.68	1,076,458	99.68
Merchandise—all L. C. L. traffic	3,727	.32	3,427	.32
Grand totals	1,147,411	100.00	1,079,885	100.00

TABLE I

Traffic and Mileage Statistics

Years Ended December 31. 1947 and 1946

	1947	1946
Passenger Traffic*		
Passenger revenue	$ —1,743.68	$ 32,739.18
Revenue passengers carried	See	35,601
Average revenue per passenger	note*	$ .92
Mileage of passenger trains	below	6,933
Passenger revenue per train-mile		$ 4.72
Freight Traffic		
Miles of road operated—average	148.38	153.02
Freight revenue	$1,736,386.91	$1,392,154.28
Revenue tons carried	1,147,411	1,079,885
Revenue ton-miles	102,719,285	86,542,843
Freight train-miles	155,628	139,218
Freight car-miles, loads	3,106,900	2,679,456
Freight car-miles, empties	1,241,337	1,054,390
Revenue per ton	$ 1.51	$ 1.29
Revenue per ton-mile, cents	1.69	1.61
Revenue per train-mile	$ 11.16	$ 10.00
Freight revenue per mile of road operated	$ 11,702.30	$ 9,097.85
Average haul per revenue ton-mile	89.52	80.14
Ton-miles (non-revenue included) per train-mile	689	646
Ton-miles (non-revenue included) per loaded car-mile	34.51	33.57
Revenue ton-miles per mile of road operated	692,272	565,565
Loaded car-miles per train-mile	19.96	19.24
Empty car-miles per train-mile	7.98	7.57
Operating revenues per mile of road operated	$ 12,003.85	$ 9,575.28
Operating expenses per mile of road operated	$ 8,763.27	$ 7,366.01
Net operating revenue per mile of road operated	$ 3,240.58	$ 2,209.27

* Passenger traffic consisted solely of irregular movements of troops to and from Camp Shelby; movements ended with June, 1946.

TABLE H

Operating Revenues and Operating Expenses by Months for Year Ended December 31, 1947

Operating Revenues	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Totals
Freight	$140,895	$150,246	$173,629	$154,074	$143,188	$119,144	$124,977	$128,042	$130,282	$157,551	$146,454	$167,905	$1,736,387
Passenger	300	— 21	367	63	— 635	— 732	— 155	133	— 149	— 117	— 145	— 653	— 1,744
Miscellaneous	4,399	4,687	4,234	5,115	4,106	3,560	3,432	2,558	3,290	3,861	3,637	3,609	46,488
Totals	$145,594	$154,912	$178,230	$159,252	$146,659	$121,972	$128,254	$130,733	$133,423	$161,295	$149,946	$170,861	$1,781.131
Operating Expenses													
Maintenance of way and structures	$ 36,334	$ 35,049	$ 47,487	$ 47,857	$ 32,287	$ 29,533	$ 28,950	$ 32,682	$ 27,643	$ 31,930	$ 36,878	$ 34,653	$ 421,283
Maintenance of equipment	18,011	15,466	16,579	17,798	18,449	17,735	16,314	15,044	15,317	15,816	17,620	18,059	202,208
Traffic	10,838	10,406	10,386	10,754	10,827	10,256	10,037	10,496	10,485	10,665	12,052	11,579	128,831
Transportation	39,215	38,023	41,648	37,481	33,747	35,491	34,829	35,783	37,968	37,543	42,063	44,649	458,440
General	7,496	7,649	7,416	7,707	5,777	9,271	6,668	6,582	7,006	7,573	8,029	8,357	89,531
Totals	$111,944	$106,593	$123,516	$121,597	$101,087	$102,286	$ 96,798	$100,587	$ 98,419	$103,527	$116,642	$117,297	$1,300,293
Net Operating Revenue	$ 33,650	$ 48,319	$ 54,714	$ 37,655	$ 45,572	$ 19,686	$ 31,456	$ 30,146	$ 35,004	$ 57,768	$ 33,304	$ 53,564	$ 480,838
Ratio of expenses to revenues—percent	76.89	68.81	69.30	76.36	68.93	83.86	75.47	76.94	73.76	64.18	77.79	68.65	73.00

TABLE G—Continued

	1947	1946
Transportation:		
Superintendence	$ 26,136.18	$ 26,215.16
Dispatching Trains	9,092.81	11,594.72
Station Employees	54,168.32	47,126.21
Weighing and Inspection Bureaus	640.73	553.80
Station Supplies and Expenses	2,067.82	2,037.10
Yard Masters and Yard Clerks	5,180.00	4,851.30
Yard Conductors and Brakemen	22,526.41	16,074.61
Yard Enginemen	14,375.58	10,229.31
Yard Switching Fuel	12,363.95	8,358.72
Water for Yard Locomotives	283.50	148.89
Lubricants for Yard Locomotives	256.14	146.13
Other Supplies for Yard Locomotives	144.64	91.38
Enginehouse Expenses—Yard	7,956.47	7,017.81
Yard Supplies and Expenses	256.71	185.77
Operating Joint Yard and Terminals—Dr.	38,342.49	36,421.68
Train Enginemen	50,943.35	48,461.05
Train Fuel	82,832.75	67,406.80
Water for Train Locomotives	4,580.60	4,357.14
Lubricants for Train Locomotives	3,617.23	2,094.19
Other Supplies for Train Locomotives	1,397.38	1,156.90
Enginehouse Expenses—Train	23,424.38	24,627.54
Trainmen	55,791.12	56,896.77
Train Supplies and Expenses	3,617.06	3,507.20
Crossing Protection	158.37	191.74
Stationery and Printing	4,190.30	3,623.44
Other Expenses	212.04	988.20
Operating Joint Tracks and Facilities—Dr.	21,811.15	22,834.24
Operating Joint Tracks and Facilities—Cr.	2,874.88	2,679.64
Insurance	1,521.74	1,764.70
Clearing Wrecks	364 05	539.60
Damage to Property	306.99	999.20
Damage to Live Stock on Right-of-Way	6,587.74	5,248.34
Loss and Damage—Freight	5,398.34	3,721.23
Injuries to Persons	768.76	2,703.49
Total	$ 458,440.22	$ 419,499.73
General:		
Salaries and Expenses of General Officers	$ 14,228.28	$ 16,183.95
Salaries and Expenses of Clerks & Attendants	58,825.34	51,619.91
General Office Supplies and Expenses	3,297.98	2,763.43
Law Expenses	2,825.58	3,795.36
Insurance	45.16	244.69
Pensions	180.45	107.32
Stationery and Printing	4,468.39	3,666.55
Other Expenses	5,143.58	6,197.74
General Joint Facilities—Dr.	516.13	465.01
Total	$ 89,530.89	$ 85,043.96
Recapitulation:		
Maintenance of Way and Structures	$ 421,283.36	$ 303,496.09
Maintenance of Equipment	202,207.70	204,831.50
Traffic	128,831.17	114,275.08
Transportation	458,440.22	419,499.73
General	89,530.89	85,043.96
Total	$1,300,293.34	$1,127,146.36

TABLE G

Comparative Statement of Operating Expenses for Years Ended December 31, 1947 and 1946

	1947	1946
Maintenance of Way and Structures:		
Superintendence	$ 21,628.58	$ 20,652.17
Roadway Maintenance	72,694.94	42,891.93
Bridges, Trestles and Culverts	26,513.83	24,616.53
Ties	76,172.33	40,157.13
Rails	2,511.42	8,234.94
Other Track Material	8,515.15	8,831.19
Ballast	6,117.10	2,740.21
Track Laying and Surfacing	128,128.28	99,551.09
Fences and Signs	1,883.44	1,221.04
Station and Office Buildings	5,060.79	6,129.73
Roadway Buildings	626.05	619.81
Water Stations	1,219.18	1,947.68
Fuel Stations	470.39	515.16
Shops and Engine Houses	3,458.35	3,985.00
Telegraph and Telephone Lines	1,683.53	794.29
Signals and Interlockers	657.34	684.40
Power—Transmission Systems		23.48
Road Property—Depreciation	22,857.20	22,388.03
Retirements—Road	947.36	Cr. 30,375.47
Roadway Machines	1,955.87	1,177.23
Dismantling Retired Road Property	1,821.15	1,046.57
Small Tools and Supplies	4,326.74	2,632.34
Public Improvements—Maintenance	2,374.76	3,754.72
Injuries to Persons	567.53	665.45
Insurance	1,059.36	1,304.06
Stationery and Printing	771.67	974.00
Other Expenses	2,338.39	47.62
Maintaining joint tracks, yards and other facilities—Dr.	25,178.73	36,627.01
Maintaining joint tracks, yards and other facilities—Cr.	256.10	341.25
Total	$ 421,283.36	$ 303,496.09
Maintenance of Equipment:		
Superintendence	$ 14,632.64	$ 12,909.14
Shop Machinery	2,721.65	3,758.45
Power Plant Machinery	582.03	685.87
Shop and Power Plant Machinery—Depreciation	3,007.20	3,003.40
Steam Locomotives—Repairs	92,748.78	94,131.98
Freight Train Cars—Repairs	41,769.11	45,542.91
Passenger Train Cars—Repairs		.66
Work Equipment—Repairs	9,228.04	4,607.94
Miscellaneous Equipment—Repairs	871.80	635.38
Dismantling Retired Equipment	2,091.34	310.30
Equipment—Depreciation	19,876.28	19,943.87
Injuries to Persons	778.43	958.57
Insurance	1,474.69	1,403.98
Stationery and Printing	425.31	373.36
Other Expenses	1,280.89	2,216.89
Joint Maintenance of Equipment Expenses—Dr.	10,719.51	14,348.80
Total	$ 202,207.70	$ 204,831.50
Traffic:		
Superintendence	$ 43,597.11	$ 38,369.83
Outside Agencies	73,207.74	65,597.50
Advertising	1,359.44	1,452.80
Traffic Associations	1,862.38	1,937.53
Insurance	157.59	58.50
Stationery and Printing	8,646.91	6,858.92
Total	$ 128,831.17	$ 114,275.08

TABLE F

Comparative Statement of Operating Revenues, Operating Expenses, and Net Operating Revenues for the Years Ending December 31, 1947 and December 31, 1946

OPERATING REVENUES

	1947	Per Cent Earnings	1946	Per Cent Earnings
Freight	$1,736,386.91	97.49	$1,392,154.28	95.01
Passenger	Dr. 1,743.68	—0.10	32,739.18	2.24
Miscellaneous	46,487.98	2.61	40,316.98	2.75
Totals	$1,781,131.21	100.00	$1,465,210.44	100.00

OPERATING EXPENSES

	1947	Per Cent Earnings	1946	Per Cent Earnings
Maintenance of Way and Structures	$ 421,283.36	23.65	$ 303,496.09	20.71
Maintenance of Equipment	202,207.70	11.35	204,831.50	13.98
Traffic	128,831.17	7.23	114,275.08	7.80
Transportation	458,440.22	25.74	419,499.73	28.63
General	89,530.89	5.03	85,043.96	5.81
Totals	$1,300,293.34	73.00	$1,127,146.36	76.93
Net operating revenues	$ 480,837.87		$ 338,064.08	

TABLE E

Investment in Road and Equipment

Changes during the year ended with December 31, 1947

	Additions	Retirements
Road		
Engineering	$ 261.42	$ 79.88
Land	2,551.53	721.39
Grading	7,718.24	19.20
Bridges, trestles and culverts	4,758.90	991.41
Ties	13,161.44	440.13
Rails	3,635.68	423.22
Other track material	10,085.32	536.26
Ballast	3,845.27	3.30
Track laying and surfacing	9,562.15	168.56
Fences and signs	252.30	
Station and office buildings	4,703.48	
Roadway buildings	1,205.47	115.01
Water stations	13,219.85	4,312.35
Shops and enginehouses	1,118.45	
Roadway machines		575.00
Public improvements	2,445.56	
	$78,525.06	$ 8,385.71
Equipment		
Freight train cars	$ 9,506.86	$17,269.20
Work equipment		2,552.48
Miscellaneous equipment	3,510.59	2,136.00
	$13,017.45	$21,957.68
Total Road and Equipment	$91,542.51	$30,343.39

TABLE D

Statement of Funded Debt, December 31, 1947

Description	Date of Issue	Date of Maturity	Amount Outstanding Dec. 31, 1947	INTEREST		
				Rate	Accrued During Year	When Payable
First Mortgage Bonds	July 1, 1909	July 1, 1949	$4,100,000.00 *2,662,900.00 $1,437,100.00	5%	$ 71,855.00	January and July
U. S. Lumber Co. Notes	June & December 1934	June & December 1944	$ 664,663.84	6%	$ 40,397.98	June and December

* In Sinking Fund.

TABLE C

MISSISSIPPI CENTRAL RAILROAD COMPANY

STATEMENT OF EARNED SURPLUS—UNAPPROPRIATED

For the Years Ended December 31, 1947 and 1946, and Comparison

	Year Ended December 31 1947	1946	Increase + or Decrease —
Credit Balance at Beginning of Year	$ 74,116.40	$ 66,713.85	$+ 7,402.55
Credits:			
Credit balance transferred from income	$ 61,781.16	$ 5,954.39	$+55,826.77
Sale of timber		1,378.28	— 1,378.28
Other miscellaneous credits	349.38	69.88	+ 279.50
Total credits	$ 62,130.54	$ 7,402.55	$+54,727.99
Total	$ 136,246.94	$ 74,116.40	$+62,130.54
Debits:			
Expenses in connection with application to Reconstruction Finance Corporation for loan	$ 7,928.24		$+ 7,928.24
Other miscellaneous debits	253.58		+ 253.58
Total debits	$ 8,181.82		$+ 8,181.82
Credit Balance at End of Year	$ 128,065.12	$ 74,116.40	$+53,948.72

HASKINS & SELLS
Certified Public Accountants

67 Broad Street
New York 4

ACCOUNTANTS' CERTIFICATE

Mississippi Central Railroad Company:

We have examined the balance sheet of Mississippi Central Railroad Company as of December 31, 1947 and the related statements of income and of earned surplus—unappropriated for the year ended that date. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of income and of earned surplus—unappropriated present fairly the financial condition of the Company at December 31, 1947 and the results of its operations for the year ended that date, in conformity with the accounting requirements prescribed by the Interstate Commerce Commission.

HASKINS & SELLS

New York,
March 3, 1948.

TABLE B—(Continued)

MISSISSIPPI CENTRAL RAILROAD COMPANY

Balance Sheet, December 31, 1947 and 1946, and Comparison

LIABILITIES	December 31 1947	1946	Increase + or Decrease —
Capital Stock—Authorized and outstanding, 39,400 shares of $100.00 par value each	$ 3,940,000.00	$ 3,940,000.00	
Long-Term Debt:			
First mortgage 5% bonds, due July 1, 1949 (see notes)	$ 4,100,000.00	$ 4,100,000.00	
Less bonds held in sinking fund (see contra)	2,662,900.00	2,662,900.00	
Remainder—outstanding	$ 1,437,100.00	$ 1,437,100.00	
Amounts payable to affiliated company—second mortgage non-negotiable 6% notes (past due)	664,663.84	675,000.00	$—10,336.16
Total long-term debt	$ 2,101,763.84	$ 2,112,100.00	$—10,336.16
Current Liabilities:			
Audited accounts and wages payable	$ 92,205.73	$ 179,422.45	$—87,216.72
Miscellaneous accounts payable	17,345.79	4,545.52	+12,800.27
Accrued accounts payable	21,415.33	31,556.00	—10,140.67
Taxes accrued	56,308.74	Dr. 1,423.84	+57,732.58
Other current liabilities	17,946.05	5,544.29	+12,401.76
Total current liabilities	$ 205,221.64	$ 219,644.42	$—14,422.78
Unadjusted Credits—Other	$ 2,697.46	$ 18,345.28	$—15,647.82
Surplus:			
Unearned surplus	$ 1,324.57	$ 1,279.57	$+ 45.00
Earned surplus—appropriated (for sinking fund reserve)	2,165,879.67	2,165,879.67	
Earned surplus—unappropriated	128,065.12	74,116.40	+53,948.72
Total surplus	$ 2,295,269.36	$ 2,241,275.64	$+53,993.72
Total	$ 8,544,952.30	$ 8,531,365.34	$+13,586.96

Notes To Balance Sheet, December 31, 1947

1. At December 31, 1947 the Company was in arrears to the extent of $1,436,974.59 in sinking fund payments under the indenture covering the First Mortgage 5% Bonds outstanding.

2. The stockholders of the Company have approved a plan to retire the outstanding First Mortgage 5% Bonds and the Second Mortgage Non-negotiable 6% Notes by issuing $1,000,000.00 of First Mortgage, 4%, 30-Year Bonds, and necessary shares of 5½ Non-cumulative Preferred Stock of a par value of $10.00 a share to cover the remainder of the principal amount of the debt. Application for approval of this plan has not yet been filed with the Interstate Commerce Commission.

TABLE B

MISSISSIPPI CENTRAL RAILROAD COMPANY

Balance Sheet, December 31, 1947 and 1946, and Comparison

ASSETS	December 31 1947	1946	Increase + or Decrease —
Investments:			
Road and equipment property	$ 8,555,179.33	$ 8,493,980.21	$+61,199.12
Less—Donations and grants	39,198.03	31,088.55	+ 8,109.48
Investment in transportation property	$ 8,515,981.30	$ 8,462,891.66	$+53,089.64
Less—Accrued depreciation	538,167.97	514,043.63	+24,124.34
Investment in transportation property less recorded depreciation	$ 7,977,813.33	$ 7,948,848.03	$+28,965.30
Sinking fund (see notes)	$ 2,663,025.41	$ 2,663,025.41	
Less bonds in fund (see contra)	2,662,900.00	2,662,900.00	
Remainder—cash	$ 125.41	$ 125.41	
Deposits in lieu of mortgaged property sold		$ 3,404.45	$— 3,404.45
Miscellaneous physical property	$ 12,229.91	$ 12,229.91	
Total investments	$ 7,990,168.65	$ 7,964,607.80	$+25,560.85
Current Assets:			
Cash	$ 253,937.49	$ 277,716.60	$—23,779.11
Traffic and car-service balances—Dr.	58,648.15	31,054.75	+27,593.40
Net balance receivable from agents	9,997.27	9,702.66	+ 294.61
Miscellaneous accounts receivable	20,015.66	32,527.03	—12,511.42
Materials and supplies	173,142.28	165,612.22	+ 7,530.06
Accrued accounts receivable		943.00	— 943.00
Other current assets	288.10	272.74	+ 15.36
Total current assets	$ 516,028.95	$ 517,829.05	$— 1,800.10
Deferred Assets:			
Working fund advances	$ 738.26	$ 538.26	$+ 200.00
Other deferred assets	31,067.18	34,537.92	— 3,470.74
Total deferred assets	$ 31,805.44	$ 35,076.18	$— 3,270.74
Unadjusted Debits:			
Prepayments	$ 3,209.08	$ 4,789.96	$— 1,580.88
Other unadjusted debits	3,740.18	9,062.35	— 5,322.17
Total unadjusted debits	$ 6,949.26	$ 13,852.31	$— 6,903.05
Total	$ 8,544,952.30	$ 8,531,365.34	$+13,586.96

TABLE A

MISSISSIPPI CENTRAL RAILROAD COMPANY

INCOME ACCOUNT

For the Years Ended December 31, 1947 and 1946, and Comparison

	Year Ended December 31 1947	1946	Increase + or Decrease —
Railway Operating Income:			
Railway operating revenues	$ 1,781,131.21	$ 1,465,210.44	$+315,920.77
Railway operating expenses	1,300,293.34	1,127,146.36	+173,146.98
Net revenue from railway operations	$ 480,837.87	$ 338,064.08	$+142,773.79
Railway tax accruals	159,539.87	90,877.21	+ 68,662.66
Railway operating income	$ 321,298.00	$ 247,186.87	$+ 74,111.13
Rent Income:			
Rent from locomotives	$ 52.45	$ 25.00	$+ 27.45
Joint facility rent income	261.48	214.08	+ 47.40
Total rent income	$ 313.93	$ 239.08	$+ 74.85
Rents Payable:			
Hire of freight cars	$ 133,457.03	$ 108,586.31	$+ 24,870.72
Rent for locomotives	850.00		+ 850.00
Rent for passenger-train cars	— 736.93	2,257.18	— 2,994.11
Joint facility rents	22,612.20	27,260.22	— 4,648.02
Total rents payable	$ 156,182.30	$ 138,103.71	$+ 18,078.59
Net rents payable	$ 155,868.37	$ 137,864.63	$+ 18,003.74
Net Railway Operating Income	$ 165,429.63	$ 109,322.24	$+ 56,107.39
Other Income:			
Miscellaneous rent income	$ 1,339.75	$ 4,334.16	$— 2,994.41
Miscellaneous non-operating physical property	1,757.57	667.00	+ 1,090.57
Income from unfunded securities and accounts	47.34	1,098.86	— 1,051.52
Miscellaneous income	7,804.76	3,943.46	+ 3,861.30
Total other income	$ 10,949.42	$ 10,043.48	$+ 905.94
Total Income	$ 176,379.05	$ 119,365.72	$+ 57,013.33
Miscellaneous Deductions from Income:			
Miscellaneous rents	$ 392.22	$ 291.00	$+ 101.22
Miscellaneous tax accruals	240.69	196.15	+ 44.54
Miscellaneous income charges	485.08	444.53	+ 40.55
Total miscellaneous deductions from income	$ 1,117.99	$ 931.68	$+ 186.31
Income Available for Fixed Charges	$ 175,261.06	$ 118,434.04	$+ 56,827.02
Fixed Charges:			
Interest on funded debt	$ 112,252.98	$ 112,355.00	$— 102.02
Interest on unfunded debt	1,226.92	124.65	+ 1,102.27
Total fixed charges	$ 113,479.90	$ 112,479.65	$+ 1,000.25
Net Income Transferred To Earned Surplus—Unappropriated	$ 61,781.16	$ 5,954.39	$+ 55,826.77

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To the Stockholders of the Mississippi Central Railroad Company

Following is the report of L. E. Faulkner, Vice-President and General Manager:

"Freight revenues increased $344,233, 24.73% over 1946 due to increase of 1,490 revenue carloads handled—$76,200, an approximate 18% freight rate increase effective January 1, 1947, and an emergency charge increase of 10% effective October 13, 1947.

Operating expenses increased 15.36% over 1946, however this included a credit of $33,893—estimated salvage to be recovered from Camp Shelby extension. Since there was no similar credit in 1947, the actual increase in 1947 operating expenses over 1946 was approximately 12%.

Taxes increased $68,663 or 75.56% in 1947 over 1946. The principal increases were pension and unemployment taxes, state income taxes, and federal income taxes.

Failure of culvert and slide on mile 142, in January, resulted in charges to operating expenses of $43,600 during the year.

Wage and salary increases to all employees of basically 15½ cents per hour became effective as of November 1, 1947. These increases will raise our monthly payrolls by approximately $10,000 and monthly pension and unemployment taxes by approximately $750.

There were 27,891 creosoted cross ties charged to expenses in 1947 compared with 16,455 creosoted cross ties charged to expenses in 1946.

The per diem rate on most types of railroad cars increased from $1.15 to $1.25 June 1, and to $1.50 September 1.

The movement of construction material for the wallboard plant at Johnsville began in October, 1946, and to December 31, 1947, there have been 667 carloads handled, from which we received $50,700. This $8,000,000 new industry on our railroad will be in operation about the middle of this year. It should increase our yearly revenues by approximately $300,000.

Liquefied petroleum gas began moving from the plant of the Mississippi Cycling Co., at Calco, on October 16, 1947. There were 167 cars of this movement, revenue $13,246, in our 1947 account.

The 1947 interest on outstanding first mortgage bonds and second mortgage notes was paid in full. The second mortgage notes were reduced by $10,336, of which $6,932 was from net royalties received from oil and gas wells and $3,404 from release of funds on deposit covering mortgage property sold.

The voluntary reorganization of our financial structure, as proposed by the Board of Directors, and acceptable to the United States Lumber Co., holders of all our outstanding funded debt, was approved by the stockholders in meeting October 10, 1947. The plan is being processed for submission to the Interstate Commerce Commission for approval. The plan is to substitute for the outstanding funded debt, $1,000,000 first mortgage, 4%, 30 year bonds, with non-cumulative sinking fund payment of $20,000 per annum; and 5½% non-cumulative preferred stock, par value $10 per share, for the balance of the outstanding debt.

Industrial and side tracks totaling 9,547 ft. were added during the year and 787 ft. retired. Water station at Sumrall was retired and replaced, the water station at Kirby was retired and one built at Roxie.

Ten secondhand log cars were purchased, twenty gondola cars were converted into wood rack cars, two flat cars and ten gondola cars were retired for dismantling, four work cars were destroyed by fire, two automobiles were retired and replaced.

There were 310 stockholders when the stock book was closed. January 15, 1948, (prior to annual meeting). Average number of employees, 330.

Statements of the accounts in the usual detail will be found in tables which follow."

Respectfully submitted, by order of the Board of Directors.

J. C. PLATT,
President.

DIRECTORS

JOHN D. BABBAGE	Washington, D. C.
M. C. BARRETT	Scranton, Pa.
L. E. FAULKNER	Hattiesburg, Miss.
REESE H. HARRIS	Scranton, Pa.
H. L. JONES	Middleville, N. J.
S. E. MORETON	Brookhaven, Miss.
J. CURTIS PLATT	Scranton, Pa.
STANLEY C. SCHOOLEY	Scranton, Pa.
J. CLEO THOMPSON	Dallas, Texas
R. E. WEEKS	Scranton, Pa.

OFFICERS

J. CURTIS PLATT, President	Scranton, Pa.
H. L. JONES, Vice-President	Middleville, N. J.
L. E. FAULKNER, Vice-Pres. and Gen'l Mgr.	Hattiesburg, Miss.
R. E. WEEKS, Secretary and Treasurer	Scranton, Pa.
LeROY MORRIS, Traffic Manager	Hattiesburg, Miss.
H. O. HOFFMAN, Superintendent	Hattiesburg, Miss.
F. E. MONTGOMERY, Auditor	Hattiesburg, Miss.
S. B. RINGGOLD, Chief Engineer	Hattiesburg, Miss.
R. W. FOX, Purchasing Agent	Hattiesburg, Miss.

TRANSFER OFFICE

First National Bank Building — Scranton, Pa.

REGISTRAR

The Scranton Lackawanna Trust Co. — Scranton, Pa.

ANNUAL MEETING

Second Tuesday in February, Hattiesburg, Miss.

FORTIETH ANNUAL REPORT

OF THE

MISSISSIPPI CENTRAL RAILROAD CO.

FOR THE

YEAR ENDED DECEMBER 31, 1947